

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:4508
ANSWERED ON:24.04.2000
PRIVATISATION OF SEBS
T.M. SELVAGANAPATHI

Will the Minister of POWER be pleased to state:

- (a) whether the Government have received any proposal from the Federation of Indian Chambers of Commerce and Industry in regard to privatisation of the State Electricity Boards;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The special group on Power Sector Reform for Prime Minister's council on Trade and Industry headed by Shri G.P. Goenka, President, Federation of Indian Chambers of Commerce and Industry (FICCI), made following recommendations, among other things, about the restructuring of the State Electricity Boards:

- Break up monolithic State Electricity Boards into four corporations to look after thermal generation, hydel generation, transmission and distribution.
- Privatised distribution through management contracts, joint ventures, or full fledged licenses. This should be done through competitive bidding with transparent criteria.
- Privatised transmission, either completely or partially through joint ventures with not more than 26% government equity.
- Recognize that reforms must begin with transmission and distribution, especially distribution, not with generation. year period to Rs.0.50, Rs.0.75 and Rs.1.10 per unit.
- Take subsidization away from State Electricity Boards and move it to State budgets. Target subsidies only at the poor, subject to a threshold monthly consumption of electricity.

(c) : Government of India has taken a proactive role in reforming State Electricity Boards so that they function on commercial lines. Power Ministers Conference held on 26.2.2000 resolved that reform must be undertaken with determination, vigor and a sense of urgency. The key elements of the Reforms Strategy are:

- (i) Energy audit at all levels;
- (ii) Time bound programme of 100% metering of all consumers by December 2001;
- (iii) Reduction and finally, elimination of power theft within a specified time frame.
- (iv) Strengthening/upgradation of sub-transmission and distribution system by taking sub-station as a limit on a priority basis.

If above appears unattainable in the existing Act Corporatisation/Co-privatisation/Privatisation of distribution would have to be undertaken.